First Trust

Weekly Market Commentary

Week Ended February 6, 2026

US Economy and Credit Markets			
Yields and Weekly Changes:			
3 Mo. T-Bill:	3.669 (1.5 bps)	Bond Buyer 40 Yield:	4.78 (-4 bps)
6 Mo. T-Bill:	3.603 (-2.1 bps)	Crude Oil Futures:	63.55 (-1.66)
1 Yr. T-Bill:	3.430 (-3.1 bps)	Gold Spot:	4,964.36 (70.13)
2 Yr. T-Note:	3.498 (-2.5 bps)	Merrill Lynch High Yield Indices:	
3 Yr. T-Note:	3.570 (-1.9 bps)	U.S. High Yield:	7.10 (12 bps)
5 Yr. T-Note:	3.758 (-3.0 bps)	BB:	5.95 (5 bps)
10 Yr. T-Note:	4.206 (-2.9 bps)	B:	7.40 (12 bps)
30 Yr. T-Bond:	4.851 (-2.1 bps)		

US job openings missed estimates by a wide margin in December, falling to the lowest level since 2020. Job openings were 6.54 million in December, which was well short of the estimated 7.25 million openings, signaling weak demand in the labor market. Initial jobless claims were higher than expected in the last week of January. Severe winter weather across the US may have impacted the data, but the four-week moving average also ticked higher. Meanwhile, companies including Amazon, UPS, and Dow announced the most job cuts in the month of January since 2009. All told, the softening in the labor market reaffirmed the market's expectations for rate cuts this year. The ISM Manufacturing Index expanded in January for the first time since early last year, driven by a surge in new orders. Manufacturing has been in contraction territory for the better part of over three years, so January's report was a welcome sign for the sector. The ISM Services Index also expanded in January. Unlike manufacturing, services have mostly been in long-term expansion. On the inflation front, the January CPI reading will be released on Friday. Major economic reports (related consensus forecasts, prior data) for the upcoming week include Tuesday: December Retail Sales Advance MoM (0.4%, 0.6%); Wednesday: January Change in Nonfarm Payrolls (70k, 50k), February 6 MBA Mortgage Applications (N/A, -8.9%), January Unemployment Rate (4.4%, 4.4%); Thursday: February 7 Initial Jobless Claims (222k, 231k), January Existing Home Sales (4.21m, 4.35m); Friday: January CPI MoM (0.3%, 0.3%), January CPI YoY (2.5%, 2.7%).

US Equities			
Weekly Index Performance:		Market Indicators:	
The Dow®	50,115.67 (2.50%)	Strong Sectors:	Consumer Staples, Industrials, Energy
S&P 500®	6,932.30 (-0.09%)		
S&P MidCap 400®	3,587.01 (4.38%)	Weak Sectors:	Consumer Discretionary, Comm Services, Info Tech
S&P SmallCap 600®	1,610.32 (3.96%)		
Nasdaq Composite®	23,031.21 (-1.83%)	NYSE Advance/Decline:	1,719 / 1,104
Russell 2000®	2,670.34 (2.18%)	NYSE New Highs/New Lows:	548 / 184
		AAII Bulls/Bears:	39.7% / 29.0%

Blue chip stocks led the markets last week as the Dow Jones Industrial Average returned 2.5%, topping a record setting 50,000 points. In contrast, the broader market saw large caps retreating throughout the week after multiple headlines impacted the largest companies in the S&P 500. Early in the week, Anthropic announced an updated version of its most powerful AI model, poised to disrupt financial research and legal services. Software and financial service companies experienced an immediate sell-off as the market weighed the impact of AI on these firms' top-line growth. The AI arms race intensified following quarterly reports from **Alphabet** and **Amazon**, which pushed through analysts' capital expenditure projections. Investor uneasiness remains centered on hyperscaler spending. Combined with **Meta** and **Microsoft**, the largest tech companies are projected to spend nearly $650 billion in 2026. Notably, Alphabet is set to spend more this year than its total capital expenditures over the last three years combined. The rotation out of the top end of the S&P 500 caused technology, communication services and some discretionary names to lag behind the broader market. Companies shielded from tech-sector weakness led the charge higher, with industrials, energy, and value-oriented discretionary names moving up last week. On Friday, stocks recovered from mid-week lows, with the S&P 500 gaining almost 2% into the close on the back of positive consumer sentiment data. Looking ahead to next week, the market will focus on earnings reports from Dow components **McDonalds** and **Coca-Cola** along with economic reports on payrolls and CPI.